



Amy L. Alvarez  
Federal Government Affairs

Suite 1000  
1120 20<sup>th</sup> Street, NW  
Washington DC 20036  
202-457-2315  
FAX 281-664-9610  
email: alvarez@att.com

July 29, 2005

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW, Room TWB-204  
Washington, DC 20554

Re: Federal-State Joint Board on Universal Service, WC Docket No. 96-45;

Dear Ms. Dortch:

On Thursday, July 28, 2005, members of the Inter-carrier Compensation Forum ("ICF") met with Narda Jones, Cathy Carpino, Greg Guice and Carol Pomponio of the Wireline Competition Bureau to discuss universal service contribution methodology reform. Representing ICF were Eric Einhorn and Jamie M. Tan of SBC Communications Inc., John Nakahata of Harris, Wiltshire & Grannis LLP (on behalf of General Communication Inc. and Level 3 Communications, LLC), and Joel Lubin, Robert Quinn, Judy Sello and the undersigned, of AT&T Corp. Siakat Sen and Mark Lemler, also of AT&T, participated via conference call. The attached documents were distributed during the meeting and served as the basis of the discussion.

One electronic copy of this Notice is being submitted to the Secretary of the FCC in accordance with Section 1.1206 of the Commission's rules.

Sincerely,

A handwritten signature in cursive script, appearing to read "Amy Alvarez", with a large loop at the end.

cc: Narda Jones  
Cathy Carpino  
Greg Guice  
Carol Pomponio

# Guiding Principles for Sustainable USF Reform

---

- The assessment methodology should be technologically and competitively neutral.
- The assessment methodology should accommodate technological change and should be stable.
- The assessment methodology should assess carriers that provide assessable services to retail end user customers.
- Carriers should be able to pass through, dollar-for-dollar, assessments to the retail end-user customers that cause the carrier to incur the contribution obligation.
- The assessment methodology should not drive customer purchasing decisions.

# **The FCC should not adopt a USF mechanism driven by numbers reported as “assigned” in the NRUF.**

---

## **As defined in NRO I, “assigned numbers are:**

“numbers working in the Public Switched Telephone Network (PSTN) under an agreement such as a contract or tariff at the request of specific customers for their use, or as numbers not yet working but having a customer service order pending.” (Para. 16, NRO I)

## **However, to this the FCC added:**

“numbers ported for the purpose of transferring an established customer’s service to another carrier should be categorized as *assigned numbers*.” (Para 18, NRO I)

**and**

““Resold” services should also be treated like ported numbers, meaning the carrier transferring the service to another carrier or non-carrier entity should classify the numbers as “*Assigned*” and the numbers should not be counted by the receiving carrier.” (p. 3, North American Numbering Plan Numbering Resource Utilization/Forecast (NRUF) Report, Form 502 JOB AID)

**and**

“We therefore clarify that numbers contained in blocks assigned for use in Centrex or PBX systems may be categorized as assigned numbers by reporting carriers, to the extent that fifty percent (50%) or more of such numbers are “working” at all times.” (Para. 122, NRO III)

## **The FCC should assess unique working telephone numbers.**

---

**(cont'd.)**

**Thus, in addition to its own unique working telephone numbers, a carrier's base of NRUF assigned numbers includes:**

1. Numbers ported to other carriers
2. Numbers acquired by other carriers through Type 1 interconnection and wholesale arrangements (e.g. UNE-P and Resale).
3. As much as 50% worth of numbers in thousands-blocks used for Centrex/PBX/DID services that are not working at all times.

As a result, use of NRUF assigned numbers for USF contribution assessment would have the effect of inflating carrier contributions based on the telecommunications services provided by other carriers to their end users.

## Who is required to file the NRUF?

---

“We...therefore mandate that all carriers that receive numbering resources from the NANPA (i.e., code holders), or that receive numbering resources from a Pooling Administrator in thousands blocks (i.e., block holders), report forecast and utilization data to the NANPA. We also require carriers that receive intermediate numbers to report forecast and utilization data for such numbers in their inventories to the NANPA to the same extent required for code and block holders. For intermediate numbers controlled by non-carriers (such as retailers or unified messaging service providers), the carrier that provides intermediate numbers to such entities must report utilization and forecast data to the NANPA for these numbers.” (Para 40, NRO I)

**Projected Per Unit USF Assessment Charge Per Month  
BASELINE**

<b>Projected Program Cost (Annualized \$)</b>	<b>\$6,885,802,000</b>
<b>Assessable Units</b>	<b>617,674,288</b>
<b>ILEC Numbers</b>	<b>308,155,000</b>
<b>CLEC Numbers</b>	<b>43,779,000</b>
<b>Toll-free Numbers</b>	<b>22,127,206</b>
<b>Broadband Subscribers</b>	<b>31,397,946</b>
<b>Wireless Subscribers</b>	<b>182,140,362</b>
<b>Paging Numbers</b>	<b>9,260,000</b>
<b>Special Access Connections (Weighted)</b>	<b>20,814,774</b>
<b>Assessment Per Unit (\$ Per Month)</b>	<b>\$0.93</b>

**Projected Per Unit USF Assessment Charge Per Month  
Baseline Without Broadband**

<b>Projected Program Cost (Annualized \$)</b>	<b>\$6,885,802,000</b>
<b>Assessable Units</b>	<b>586,276,342</b>
<b>ILEC Numbers</b>	<b>308,155,000</b>
<b>CLEC Numbers</b>	<b>43,779,000</b>
<b>Toll-free Numbers</b>	<b>22,127,206</b>
<b>Broadband Subscribers</b>	<b>0</b>
<b>Wireless Subscribers</b>	<b>182,140,362</b>
<b>Paging Numbers</b>	<b>9,260,000</b>
<b>Special Access Connections (Weighted)</b>	<b>20,814,774</b>
<b>Assessment Per Unit (\$ Per Month)</b>	<b>\$0.98</b>

**Projected Per Unit USF Assessment Charge Per Month  
Baseline Without Broadband & Special Access**

<b>Projected Program Cost (Annualized \$)</b>	<b>\$6,885,802,000</b>
<b>Assessable Units</b>	<b>565,461,568</b>
<b>ILEC Numbers</b>	<b>308,155,000</b>
<b>CLEC Numbers</b>	<b>43,779,000</b>
<b>Toll-free Numbers</b>	<b>22,127,206</b>
<b>Broadband Subscribers</b>	<b>0</b>
<b>Wireless Subscribers</b>	<b>182,140,362</b>
<b>Paging Numbers</b>	<b>9,260,000</b>
<b>Special Access Connections (Weighted)</b>	<b>0</b>
<b>Assessment Per Unit (\$ Per Month)</b>	<b>\$1.01</b>



## Deriving Baseline Revenue Based Contribution Factor From Published Data

PROGRAM TYPE	2004 Federal USF Program Cost By Quarter – Actual					2005 Federal USF Program Cost By Quarter		Annualized: 3Qr 2004 -2Qr 2005
	First	Second	Third	Fourth	Annualized	First	Second	
	(\$ Million)					(\$ Million)		
High Cost Loop Support	\$ 292.004	\$ 305.625	\$ 318.224	\$ 315.892	\$ 1,231.745	\$ 319.016	\$ 323.938	\$ 1,277.070
Local Switching Support	\$ 109.617	\$ 116.409	\$ 120.566	\$ 120.366	\$ 466.958	\$ 116.055	\$ 117.617	\$ 474.604
Long Term Support	\$ 132.029	\$ 142.900	On February 26,2004, the FCC released an order that merged LTS with ICLS..					
ICLS (MAG)	\$ 114.892	\$ 113.324	\$ 270.209	\$ 270.392	\$ 768.817	\$ 282.172	\$ 287.403	\$ 1,110.176
IAS (CALLS)	\$ 162.500	\$ 162.500	\$ 162.500	\$ 165.952	\$ 653.452	\$ 186.483	\$ 190.748	\$ 705.683
Forward Looking High Cost Mechanism	\$ 60.842	\$ 69.424	\$ 70.800	\$ 70.800	\$ 271.866	\$ 73.181	\$ 72.827	\$ 287.608
Unadjusted HC Total	\$ 871.884	\$ 910.182	\$ 942.299	\$ 943.402	\$ 3,667.767	\$ 976.907	\$ 992.533	\$ 3,855.141
Prior Period Adjustment	\$ (86.468)	\$ 8.549	\$ (14.944)	\$ (101.529)	\$ (194.392)	\$ 15.057	\$ 12.496	\$ (88.920)
Interest Income	\$ (0.356)	\$ (0.352)	\$ (0.306)	\$ (0.909)	\$ (1.923)	\$ (0.341)	\$ (0.822)	\$ (2.378)
Administrative Exp.	\$ 3.187	\$ 3.430	\$ 3.588	\$ 3.575	\$ 13.780	\$ 10.317	\$ 10.931	\$ 28.411
Adjusted HC Total	\$ 788.247	\$ 921.809	\$ 930.637	\$ 844.539	\$ 3,485.232	\$ 1,001.940	\$ 1,015.138	\$ 3,792.254
Lifeline	\$ 171.362	\$ 166.804	\$ 185.029	\$ 184.587	\$ 707.78	\$ 183.394	\$ 183.162	\$ 736.172
Toll-Limitation Support	\$ 1.145	\$ 1.010	\$ 1.353	\$ 1.135	\$ 4.64	\$ 1.294	\$ 1.386	\$ 5.168
Link-Up	\$ 8.462	\$ 7.333	\$ 8.394	\$ 8.033	\$ 32.22	\$ 8.541	\$ 9.064	\$ 34.032
Unadjusted LI Total	\$ 180.969	\$ 175.147	\$ 194.776	\$ 193.755	\$ 744.65	\$ 193.229	\$ 193.612	\$ 775.372
Prior Period Adjustment	\$ (18.456)	\$ 10.680	\$ 6.766	\$ 17.092	\$ 16.08	\$ 0.532	\$ 12.288	\$ 36.678
Interest Income	\$ (0.155)	\$ (0.171)	\$ (0.147)	\$ (0.202)	\$ (0.68)	\$ (0.063)	\$ (0.290)	\$ (0.702)
Administrative Exp.	\$ 0.990	\$ 1.044	\$ 1.598	\$ 1.595	\$ 5.23	\$ 2.193	\$ 2.206	\$ 7.592
Adjusted LI Total	\$ 163.348	\$ 186.700	\$ 202.993	\$ 212.240	\$ 765.281	\$ 195.891	\$ 207.816	\$ 818.940
Unadjusted RHC Total	\$ 14.601	\$ (0.488)	\$ 12.643	\$ 8.149	\$ 34.905	\$ 11.248	\$ 4.344	\$ 36.384
Prior Period/Other Adjustment	\$ 0.061	\$ 1.643	\$ 1.180	\$ 1.130	\$ 4.014	\$ 0.585	\$ 1.750	\$ 4.645
Adjusted RHC Total	\$ 14.662	\$ 1.155	\$ 13.823	\$ 9.279	\$ 38.919	\$ 11.833	\$ 6.094	\$ 41.029
Schools & Libraries	\$ 562.500	\$ 562.500	\$ 562.500	\$ 549.068	\$ 2,236.568	\$ 837.500	\$ 562.500	\$ 2,511.568
Adjustment to Total	\$ (50.829)	\$ (168.161)	\$ (195.442)	\$ (157.867)	\$ (572.299)	\$ (289.635)	\$ 14.955	\$ (627.989)
Adjusted S&L Total	\$ 511.671	\$ 394.339	\$ 367.058	\$ 391.201	\$ 1,664.269	\$ 547.865	\$ 577.455	\$ 1,883.579
Total Published Program Cost	\$ 1,477.928	\$ 1,504.003	\$ 1,514.511	\$ 1,457.259	\$ 5,953.701	\$ 1,757.529	\$ 1,806.503	\$ 6,535.802
Special Prior-Period Adjustments*	\$ -	\$ (200.000)	\$ (200.000)	\$ (150.000)	\$ (550.000)	\$ -	\$ -	\$ (350.000)
Program cost w/o S&L Adj.	\$ 1,477.928	\$ 1,704.003	\$ 1,714.511	\$ 1,607.259	\$ 6,503.701	\$ 1,757.529	\$ 1,806.503	\$ 6,885.802
Published Contribution Base	\$ 18,894.138	\$ 19,100.887	\$ 18,707.211	\$ 18,095.414	\$ 74,797.650	\$ 18,351.876	\$ 18,331.555	\$ 73,486.056
Published Quarterly Factors (3 Decimal)	8.60%	8.70%	8.90%	8.90%	8.80%	10.70%	11.10%	9.90%
Quarterly Factors w/o Special Prior-Period Adj.	8.60%	9.90%	10.20%	9.90%	9.70%	10.70%	11.10%	10.50%

\* From time to time FCC orders USAC to lower their quarterly program cost projections by using unused S&L funds.

# Illustrative Form 499-Q

## FCC Form 499-Q Telecommunications Reporting Worksheet

Quarterly Filing for Universal Service Contributors >>> Please read instructions before completing <<<

### Block 1: Contributor Identification Information

101

Filer 499 ID

102 Legal name of reporting entity	
103 IRS employer identification number	
104 Name telecommunications service provider is doing business as	
105 Holding company [All affiliated companies should show same name here]	
106 FCC Registration Number (FRN)	
107 Complete mailing address of reporting entity's corporate headquarters	

### Block 2: Contact Information

108 Person who completed this worksheet	
109 Telephone number of this person	( ) -
110 Fax number of this person	( ) -
111 E-mail of this person	
112 Billing address and billing contact person: [Bills for Universal Service contributions will be sent to this address.]	

### Block 3: Contributor Historical and Projected Information

113 Year of historical information	
------------------------------------	--

  

114 Indicate which quarterly filing this represents	<b>Filing Due</b> <input type="checkbox"/> February 1 <input type="checkbox"/> May 1 <input type="checkbox"/> August 1 <input type="checkbox"/> November 1	<b>Historical TN/Connections for:</b> December 31 (prior year) March 31 June 30 September 30	<b>Projected data for</b> June 30 September 30 December 31 March 31 (following calendar year)
---	--	--	---

	TN/connections					
	Historical Collected		Projected Billed		Projected Collected	
Working Telephone Numbers	115		117		119	
Tier 1 Network Access Connections	116a		118a		120a	
Tier 2 Network Access Connections	116b		118b		120b	
Tier 3 Network Access Connections	116c		118c		120c	
Tier 4 Network Access Connections	116d		118d		120d	

### Block 4: CERTIFICATION: to be signed by an officer of the reporting entity

121 I certify that the data contained herein is privileged and confidential and that public disclosure of such information would likely cause substantial harm to the competitive position of the company. I request nondisclosure of the information contained herein pursuant to sections 0.459, 52.17, 54.71 1 and 64.604 of the Commission's Rules. ☐

I certify that I am an officer of the above-named reporting entity, that I have examined the foregoing report and to the best of my knowledge, information and belief, all statements of fact contained in this Worksheet are true, that said Worksheet is an accurate statement of the affairs of the above-named company for the quarter and that the projections of billed and collected TN/connections represent a good-faith estimate based on company procedures and policies.

122 Signature	
123 Printed name of officer	
124 Position with reporting entity	
125 Date	

126 This filing is: ☐ Original filing ☐ Revised filing [revisions due within 45 days of original filing deadline]